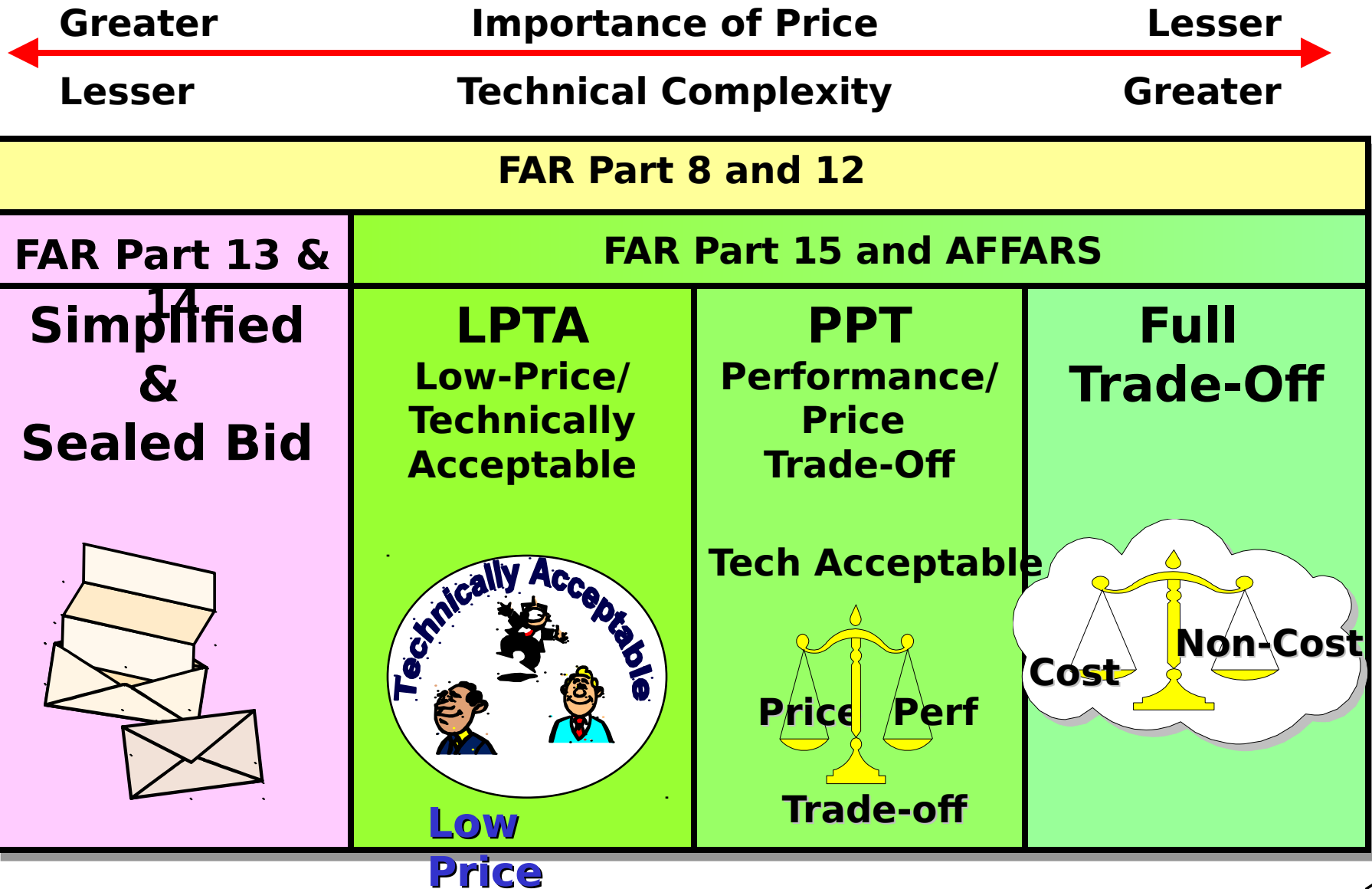




The Best Value Continuum





Performance Price Trade-Off (PPT) Process

- **Permits tradeoff between price and past performance confidence**
- **Technically acceptable proposals are determined then tradeoffs are made between price and past performance evaluation to determine successful offeror**
- **Technical factors may be evaluated on pass/fail basis only but cannot be traded off for price**
 - ◆ **Only factor being traded off with price is past performance**
 - ◆ **Need to determine relative importance of past performance and price factors (equal, more significant, less significant)**



Full Tradeoff Process

Permits tradeoffs among cost or price and non-cost factors and allows the Government to accept other than the lowest priced offer



Team Composition

- **Lowest Price Technically Acceptable**
 - ◆ **PCO**
 - ◆ **Technical, if required**

- **Performance Price Trade-off**
 - ◆ **PCO & Technical**
 - ◆ **Source Selection Authority (SSA) - PCO**

- **Full Trade-off**
 - ◆ **Source Selection Evaluation Team**
 - ▶ **Technical**
 - ▶ **Contract and Cost/Price Team - PCO**
 - ◆ **Performance Confidence Assessment Group (PCAG)**
 - ◆ **SSA**
 - ◆ **Others based upon relative complexity of acquisition**



Source Selection Activities

No matter what process you use, some activities are common to all ...



Simplified Overview

Preparation and Planning Phase



Initial Evaluation Phase



Award Without Discussions



Competitive Range Determination



Discussions Phase



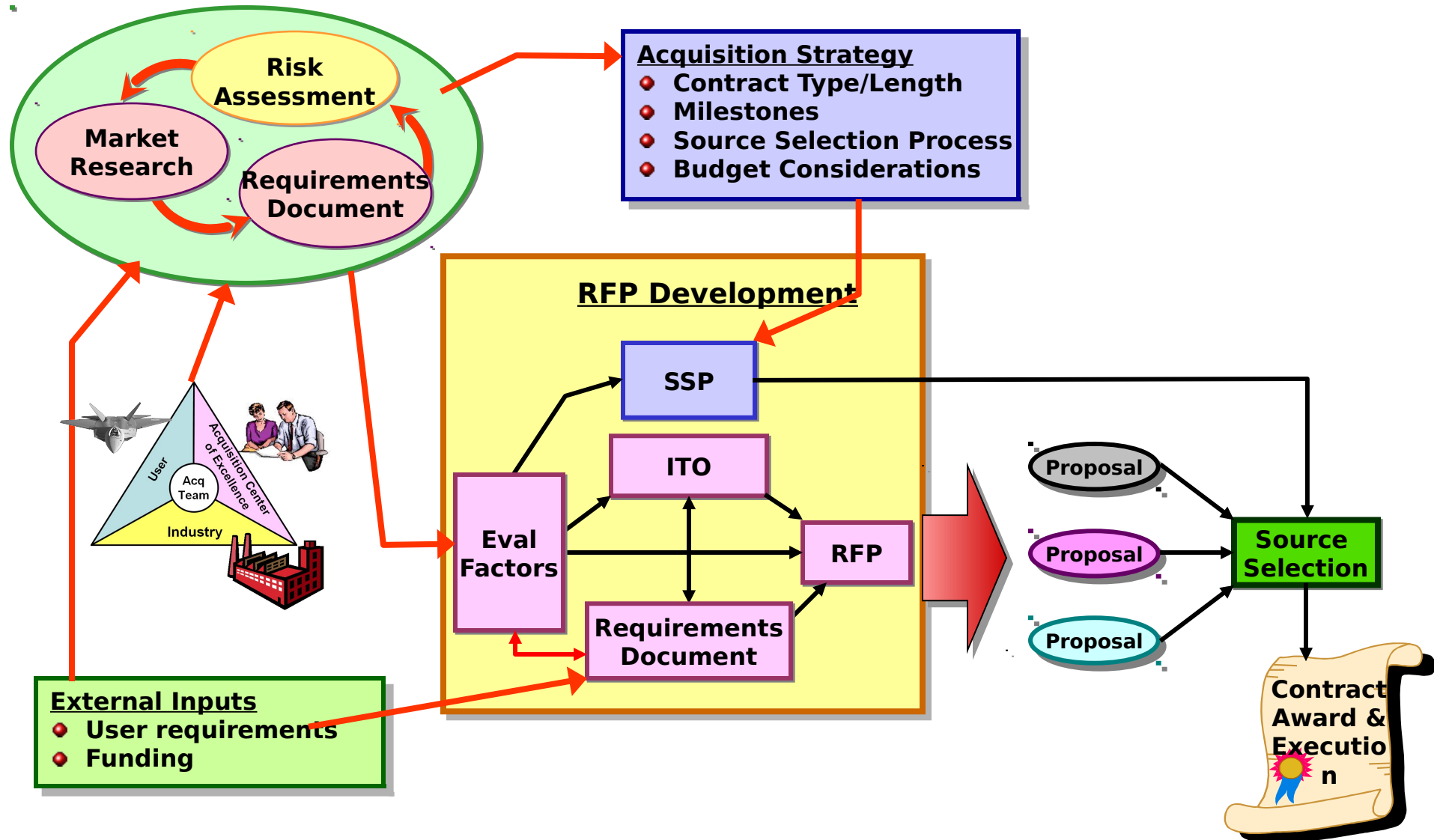
Final Evaluations Phase



Decision Phase

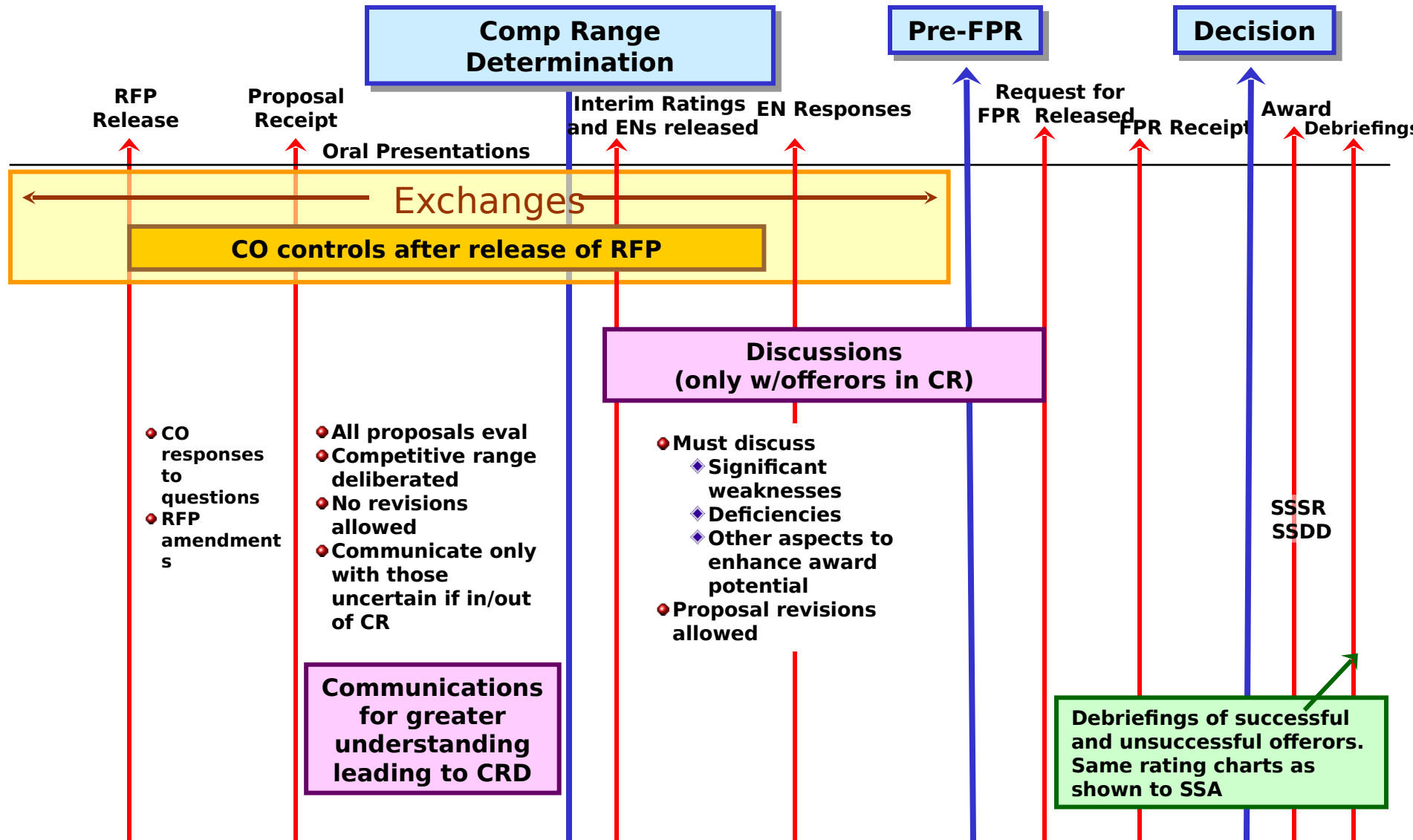


Source Selection Activities





FTO Evaluation - Overview





Full Tradeoff Process Eval Factors

- **Four Factors, with established order of precedence (Section M)**
 - ◆ **Mission Capability - Evaluate whether approach will meet the requirements of the SOW**
 - ◆ **Proposal Risk - Evaluate whether offeror can really perform approach as proposed**
 - ◆ **Past Performance Confidence - Assess quality of same or similar performance currently and in the recent past**
 - ◆ **Price/Cost - Evaluate whether proposed price/cost is appropriate for proposed approach**



Full Tradeoff Process Results

Subfactors Darker shade -- more important		Offeror A					Offeror B				
		Subfactor 1	Subfactor 2	Subfactor 3	Subfactor 4	Subfactor 5	Subfactor 1	Subfactor 2	Subfactor 3	Subfactor 4	Subfactor 5
Factors	Past Performance High Confidence Little Confidence Significant Confidence No Confidence Confidence	Confidence					Significant Confidence				
	Mission Capability Blue (Exceptional) Yellow (Marginal) Green (Acceptable) Red (Unacceptable)	G	G	Y	B	G	G	Y	G	G	G
	Proposal Risk (H)igh, (M)oderate, (L)ow	M	M	M	L	L	L	M	L	M	L
	Cost Green (Yes) Red (No)	Proposed \$	MPC \$		Risk		Proposed \$	MPC \$		Risk	
			Reasonable	Realism				Reasonable	Realism		



Matrix

Activities/Documents

Source Selection Plan

**Non-complex requirement
(P/N, NSN, Drawings,
Spec)**

Mission Capability Evaluated

Proposal Risk Evaluated

Past Performance Evaluated

Price/Cost Evaluated

LPTA	PPT	FTO
Formal plan not required	Formal plan not required	Yes, as Part 1 of the PER
Yes	Yes	No
Pass/Fail	Pass/Fail (if used)	Yes
No	No	Optional
Optional *	Yes	Yes
Yes	Yes	Yes

*Past Performance need not be evaluated if the CO documents why past performance is not appropriate (i.e. not a discriminator)



Matrix

Tradeoffs

Notify offerors that they have been excluded from competitive range

Price Competition Memo required

Source Selection Authority

Source Selection Decision Document

LPTA	PPT	FTO
No	Yes, between Past Performance and Price	Yes, between all factors
N/A	Yes	Yes
No	Yes	Yes
PCO	PCO	Yes, SSA based upon dollar threshold
Yes	Yes	Yes



Considerations for Contract Type

- **Contract types may be applied as the same for the entire contract or different between CLINs for a mixed type contract**
- **Are the requirements specific enough to adequately price?**
- **What's the type of work involved? Service support? Development? Supplies and materials?**
- **Is there a higher/lower service level required?**
- **Have contracts been combined or broken apart?**
- **What's the contractual history of the support being provided?**
- **Commercial or non-commercial?**
- **Delivery/task order from a pre-existing (GSA, DOE, DOI) contract?**
- **Bottom line: How much risk is it palatable for the contractors to assume?**



Considerations for Incentivizing

- Incentives may be any combination of subjective or objective, and positive or negative
- Preferred incentivizing is objective if achievable objectives can be associated with appropriate and favorable outcomes
- Where do the mission failure risks lie?
- What has been the experienced minimal/failed performance with other contractors?
- Don't pay enough attention to: What financial parameters affect industry's/company's profitability, liquidity, cash flow, financial leverage, etc.?
- Bottom Line: Incentives must drive contractor performance towards supporting the mission and achieving the requirements